

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS

UNCLAS STATE 034406

E.O. 11652: N/A

TAGS: EGEN

SUBJECT: BILATERAL AGREEMENTS AND FRENCH GOVERNMENT CREDIT LINES
FOR EXPORT PROMOTION

1. IT HAS BEEN PRACTICE OF FRENCH GOVERNMENT ESTABLISH CREDIT LINES UNDER BILATERAL AGREEMENTS WITH GOVERNMENTS IN COUNTRIES OF SPECIAL INTEREST TO FINANCE EXPORTS OF FRENCH EQUIPMENT AND CONTRACTS. REPAYMENT PERIOD AND INTEREST USUALLY ARE PREDETERMINED, AS FOR EXAMPLE 200 MILLION FF REPAYABLE OVER 15 YEARS AT 4 1/2 PERCENT INTEREST. LINES OFTEN ARE USED IN CONJUNCTION WITH FRENCH COMMERCIAL CREDIT AT MARKET RATES USUALLY REPAYABLE OVER 10 YEARS AFTER GRACE PERIOD. PROPORTION GOVERNMENT AND COMMERCIAL CREDIT IS DECIDED BY FRENCH FOR EACH TRANSACTION. EXAMPLES: LOCOMOTIVES IN IRAN AND THAILAND, BROADCASTING EQUIPMENT IN IRAN, STEEL MILL EQUIPMENT IN BRAZIL.

2. TO OBTAIN BETTER UNDERSTANDING THIS TYPE FRENCH FINANCING COMPETITION, WOULD APPRECIATE EMBASSY ASSISTANCE IN COLLECTING
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FOLLOWING INFORMATION: A. COUNTRIES IN WHICH FRENCH GOVERNMENT

OR ANY PUBLIC AGENCIES INCLUDING NATIONALIZED BANKS HAVE ESTABLISHED CREDIT LINES. AMOUNTS, REPAYMENT PERIODS, INTEREST RATES, FRENCH LENDING AGENCY, PURPOSE FOR CREDIT, COMMITMENT FEE, DATE CREDIT ESTABLISHED, AVAILABILITY PERIOD, AND PROCEDURES AND MECHANISM OF USE FOR EACH LINE. B. ACTUAL USE OF CREDIT LINES. FOR SPECIFIC TRANSACTIONS: (1) NATURE OF SALE OR CONTRACT, (2) CONTRACT VALUE, (3) DOWNPAYMENT, (4) GRACE PERIOD, (5) PORTION OF FINANCING PROVIDED THROUGH FRENCH GOVERNMENT LINE, ITS REPAYMENT PERIOD AND INTEREST RATE, (6) PORTION OF FINANCING PROVIDED THROUGH FRENCH COMMERCIAL CREDIT, ITS REPAYMENT PERIOD AND INTEREST RATE, (7) GUARANTEE FEES AND OTHER FINANCING COSTS, (8) CAPITALIZATION OF INTEREST DURING CONSTRUCTION. (9) LOCAL COST SUPPORT, AMOUNT, REPAYMENT PERIOD AND INTEREST RATE, (10) GUARANTEE REQUIREMENTS.

3. WOULD GREATLY APPRECIATE IT IF ABOVE INFORMATION COULD BE ASSEMBLED FOR VISIT BY EXIMBANK OFFICIAL GORDON PLANTS, FEBRUARY 24-25.
INGERSOLL

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